

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**MILITARY TRAFFIC MANAGEMENT COMMAND,
1311TH MEDIUM PORT COMMAND, ROTA, SPAIN**

Report No. 95-058

December 16, 1994

Department of Defense

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Acronyms

DBOF	Defense Business Operating Fund
EUCOM	U.S. European Command
NAVEUR	U.S. Naval Forces, Europe
MPC	Medium Port Command
MTMC	Military Traffic Management Command
NAVSTAROTA	Naval Station, Rota



**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884**



December 16, 1994

MEMORANDUM FOR COMMANDER IN CHIEF, U.S. EUROPEAN COMMAND

SUBJECT: Audit Report on the Military Traffic Management Command, 1311th Medium Port Command, Rota, Spain (Report No. 95-058)

We are providing this report for your information and use. The report discusses our evaluation of a DoD Hotline allegation. The complainant alleged that the mission and functions of the Military Traffic Management Command, 1311th Medium Port Command, Rota, Spain, could be performed at a lower cost to DoD by transferring them to Naval Station Rota, Spain. We considered comments on a draft of this report from the U.S. European Command in preparing the final report.

Comments on the draft report conformed to the requirements of DoD Directive 7650.3. Further, the U.S. European Command implemented the audit report recommendation on October 1, 1994, when the mission and functions of the 1311th Medium Port Command were transferred from the Military Traffic Management Command to Naval Station, Rota, Spain. Therefore, no additional comments are required.

The courtesies extended to the audit staff are appreciated. If you have any questions on this audit, please contact Mr. John Gebka, Audit Program Director, at (703) 604-9448 (DSN 664-9448) or Mr. Albert Putnam, Audit Project Manager, at (703) 604-9462 (DSN 664-9462). The distribution of this report is listed in Appendix F. The audit team members are listed on the inside back cover.

David K. Steensma

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

December 16, 1994

Report No. 95-058

(Project No. 3LC-8012)

MILITARY TRAFFIC MANAGEMENT COMMAND, 1311TH MEDIUM PORT COMMAND, ROTA, SPAIN

EXECUTIVE SUMMARY

Introduction. This audit project was initiated in response to a DoD Hotline allegation. The complainant alleged that DoD could achieve savings by transferring the mission and functions of the Military Traffic Management Command, 1311th Medium Port Command, Rota, Spain, to Naval Station, Rota, Spain. The mission of the 1311th Medium Port Command is to operate water terminals for the processing of DoD common user cargo in and around the European Iberian Peninsula. Naval Station, Rota, located on the southern Spanish coast, provides logistics support to U.S. military forces and foreign military allies operating in Europe and the Mediterranean.

Objective. The audit objective was to determine whether consolidation of water terminal operations of the 1311th Medium Port Command, Rota, Spain, with existing operations at Naval Station, Rota, would result in savings.

Audit Results. DoD was incurring unnecessary costs to perform water terminal operations in and around the European Iberian Peninsula. Transferring the mission and functions of the 1311th Medium Port Command to the Navy at Naval Station, Rota, Spain, would result in personnel and other operational cost avoidances. See Part II for details.

Internal Controls. Implementation of the Internal Management Control Program and internal controls were not reviewed. We limited the audit scope to evaluating information relevant to the Hotline allegation.

Potential Benefits of Audit. DoD could realize a cost avoidance of approximately \$4.3 million over the 6-year Future Years Defense Program by transferring the mission and functions of the 1311th Medium Port Command, Spain. Appendix D summarizes potential monetary benefits of the audit.

Summary of Recommendation. We recommend that the mission and functions of the Military Traffic Management Command, 1311th Medium Port Command, Rota, Spain, be transferred to Naval Station, Rota, Spain.

Management Comments. The Chief of Staff, U.S. European Command, in coordination with the U.S. Transportation Command, concurred with our recommendation and the potential monetary benefits resulting from implementing the recommendation. On October 1, 1994, the peacetime mission and functions were transferred from the Military Traffic Management Command to Naval Station, Rota, Spain. See Part II for a full discussion of management's comments and Part IV for the complete text of management's comments.

Audit Response. Comments from the U.S. European Command were responsive to the recommendation and potential monetary benefits.

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This report was prepared by the Logistics Support Directorate, Office of the Assistant Inspector General for Auditing, Department of Defense.

Part I - Introduction

Background

This audit was initiated as a result of a DoD Hotline allegation, received on April 9, 1992. The complainant alleged that DoD could save an estimated \$1.75 million, annually, by transferring the mission and functions of the Military Traffic Management Command (MTMC), Transportation Terminal Unit, Spain, to Naval Station, Rota (NAVSTAROTA), Spain. On January 1, 1993, the MTMC Transportation Terminal Unit, Spain, was re-designated the MTMC, 1311th Medium Port Command (MPC).

The MTMC, 1311th MPC, is located on NAVSTAROTA, which is situated on the southern Spanish coast. The 1311th MPC manages water terminal services for the processing of DoD and authorized non-DoD cargo through commercial ports in Spain, Portugal, and Morocco. The 1311th is one of several MPCs worldwide under MTMC operational control. The 1311th MPC reports to the Commander, MTMC, Europe, in Rotterdam, the Netherlands, who reports to MTMC, Eastern Area, Bayonne, New Jersey. MTMC, Eastern Area, is one of two subordinate area commands under the Commander, Headquarters MTMC, in Falls Church, Virginia. MTMC is a U.S. Transportation Command component.

Organizationally, NAVSTAROTA reports through the Commander, Fleet Air Mediterranean, Naples, Italy, to the Commander in Chief, U.S. Naval Forces, Europe (NAVEUR), London, United Kingdom. Its mission is to provide logistics support to U.S. military forces and foreign military allies operating in Europe and the Mediterranean. The Station Supply Department is an integral part of NAVSTAROTA. It maintains and operates supply facilities that provide services and materials to support local operations, European aviation Components, and logistic support and port facilities for visiting U.S. Navy fleet units.

Objective

The audit objective was to determine whether consolidation of water terminal operations of the 1311th MPC, Rota, Spain, with existing operations at NAVSTAROTA would result in savings.

Scope and Methodology

We limited the scope of our audit to reviewing information relevant to the Hotline allegation. This included evaluating the 1311th MPC's mission and functions and data on work load, staffing, and operating costs from FY 1992 through FY 1994. To evaluate NAVSTAROTA's capability to cost-effectively absorb the 1311th MPC water terminal mission and functions, we reviewed the

number and types of personnel resources assigned to the NAVSTAROTA Supply Department. We also evaluated the Navy's draft transition plan for using NAVSTAROTA's resources to perform water terminal services, should it assume the 1311th MPC operation. We determined the costs to DoD of keeping both the 1311th MPC and NAVSTAROTA operational.

This economy and efficiency audit was made from February through May 1994 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. The audit was originally announced to begin in March 1993, but was suspended until January 1994 to allow management time to perform a cost analysis on retaining the 1311th MPC to operate the water terminal at Rota, Spain. We did not use computer-processed data or statistical sampling procedures to conduct this audit. The organizations visited or contacted during the audit are in Appendix E.

Internal Controls

We did not review the implementation of the Internal Management Control Program and internal controls because they were not relevant to the Hotline allegation.

Prior Audits and Other Reviews

There have been no prior audits related to our audit objective over the last 5 years.

Other Matters of Interest

Although we announced the audit in March 1993, the audit was suspended in April 1993, when we learned that two ongoing studies could potentially affect the Hotline allegation. One study was initiated by NAVEUR to evaluate its December 1992 decision to invite MTMC to continue providing water terminal services in and around the European Iberian Peninsula. The study included an analysis of Navy costs incurred during an 8-month period under the MTMC 1311th MPC. The analysis also included evaluating whether the arrangement was operationally sound, whether it provided economic service, and whether it was duplicative of existing Navy capabilities.

According to the NAVEUR study results, the Navy paid \$261,926 for 1311th MPC water terminal services from January 1 through August 16, 1993. NAVEUR concluded that NAVSTAROTA could provide the services at less cost to the Navy. In an October 1993 letter, the Deputy Commander in Chief, NAVEUR, notified the Commander, MTMC, that the cost of maintaining the 1311th MPC was excessive and that the arrangement between NAVEUR and MTMC's 1311th MPC should be discontinued. The Commander, MTMC,

Introduction

disagreed with NAVEUR, and in December 1993, requested that further discussions be held to resolve the issue. However, further efforts to resolve the issue between NAVEUR and MTMC were not successful. As a result, the matter was elevated to the U.S. European Command (EUCOM) and U.S. Transportation Command in March 1994.

A second study, which was initiated by EUCOM, was a broader evaluation of requirements for water terminal operations throughout the European theater. However, the EUCOM study was suspended before any conclusions were reached because of higher priority work.

Part II - Finding and Recommendation

Water Terminal Operational Control

DoD incurred unnecessary costs to perform water terminal operations in and around the European Iberian Peninsula. Both Military Traffic Management Command's 1311th Medium Port Command and Naval Station, Rota, have the resources and capability to perform water terminal services. Transferring the mission and functions of the 1311th Medium Port Command to the Navy would result in personnel and other operational cost avoidances. DoD could avoid costs of approximately \$721,000 annually and \$4.3 million over the 6-year Future Years Defense Program.

Background

U.S. Air Force Drawdown. A U.S. Air Force personnel and unit drawdown in Spain shifted the dominant user of water terminal services from the U.S. Air Force to the U.S. Navy. In 1991, the U.S. Air Force began a drawdown in Spain, which has resulted in the closure of one major U.S. air base and the placement of another air base in caretaker status. Facilities in a caretaker status are minimally staffed with enough personnel to maintain them in case reactivation should be needed. A third air base will be placed in a caretaker status by FY 1995. Personnel authorizations for the U.S. Air Force in Spain, to include military, U.S. civilian, and Spanish local national civilians have dropped from 6,189 in FY 1990 to 601 in FY 1994.

Continued MTMC Operation. Although the dominant user shifted from the U.S. Air Force to the U.S. Navy, MTMC continued to provide water terminal services. In a December 1992 message, the Commander in Chief, NAVEUR, invited MTMC to continue providing water terminal services. Before the drawdown of U.S. Air Force personnel in Spain, MTMC provided water terminal services, but the Air Force paid operating expenses and contracted for water terminal stevedoring services. Navy and other non-Air Force water terminal customers were billed on a cost basis for stevedoring services used. MTMC converted water terminal operations in Spain to a Defense Business Operating Fund (DBOF) activity in January 1993.

Decision Authority. In accordance with established policies, the decision authority over who should provide water terminal services rests with the Commander in Chief, EUCOM. The decision authority is provided in DoD Directive 4500.9, "Transportation and Traffic Management," January 26, 1989; Joint Chiefs of Staff Publication 4-01.5, "Joint Tactics, Techniques, and

Procedures for Water Terminal Operations," June 16, 1993; and U.S. Transportation Command Regulation 75-1, "United States Transportation Command Transportation and Traffic Management Policies and Procedures," March 1, 1993. The policies state that MTMC will command and operate common-user water terminals in overseas areas, based on agreements with theater commanders. The Joint Chiefs of Staff publication further specifies that the combatant commander, in this case the Commander in Chief, EUCOM, selects, in coordination with component commanders and the U.S. Transportation Command, the water terminals and the units to operate those facilities.

Transfer of Terminal Operations

The MTMC 1311th MPC and NAVSTAROTA have the resources and capability to independently perform water terminal services. However, both organizations' capabilities have been maintained, resulting in unnecessary incurrence of costs. There is enough functional similarity between both operations to facilitate a transfer, and the workload does not warrant continuance of separate operations. Further, revenues earned by the 1311th MPC were not sufficient to cover operating expenses.

Functions. The functions of the 1311th MPC are similar enough with the functions of the NAVSTAROTA Supply Department to facilitate a transfer. Both organizations process cargo, as explained below.

1311th MPC. The 1311th MPC provides DoD common-user water terminal services in Spain, Portugal, and Morocco. These services generally include assisting with customs clearance for ocean cargo received at the commercial ports; arranging for port clearance and delivery of cargo to its destination; monitoring and reporting cargo container movements and carrier compliance with Military Sealift Command contracts; and processing personal property household goods and privately owned vehicle shipments. The 1311th MPC is responsible for inbound and outbound cargo shipped on commercial vessels. The Navy, with approximately 7,800 military, U.S. civilian, and U.S. dependent personnel at NAVSTAROTA, is the largest customer, therefore, the dominant user serviced by the 1311th MPC. The 1311th MPC also services the Navy Exchange; the Defense Commissary Agency; and about 500 Army, Air Force, and U.S. Coast Guard personnel stationed in Spain, Portugal, and Morocco. The 1311th MPC office on NAVSTAROTA is staffed with six U.S. Army and eight Spanish local national civilians. Additionally, one U.S. Army military member and one Portuguese local national civilian are at an outpost in

Lisbon, Portugal (see Appendix A). Most of the hands-on labor is provided through contracts with stevedoring companies in Spain and Portugal. Another 1311th MPC contract provides container consolidation and warehousing services in Spain.

NAVSTAROTA. Within NAVSTAROTA, the Supply Department processes inbound and outbound cargo shipped via U.S. Navy surface vessels and military airlift. Some of the department's functions are similar to those now performed by the 1311th MPC. Included as Supply Department functions are accounting for and managing inventories of consumable materials; maintaining warehouse facilities; managing air, ocean, and land freight cargo; packing and crating of outgoing cargo; shipping and receiving personal property; and maintaining and managing the Station's material handling equipment. The department, headed by a senior Navy officer, has an authorized staffing strength of 386 personnel. The 386 personnel is composed of 9 U.S. Navy officers, 144 U.S. Navy enlisted personnel, 13 U.S. civilians, and 220 Spanish local national employees.

Work Load. The 1311th MPC work load does not warrant continuance of separate MTMC and NAVSTAROTA operations. During the last 4 years, as a result of the U.S. Air Force drawdown in Spain, the work load of the 1311th MPC has decreased 63 percent. Work load dropped from 163,496 measurement tons in FY 1991, to a projected 61,000 measurement tons for FY 1994. A summary of FY 1991 through FY 1994 workload statistics can be found in Appendix B. The workload consists primarily of the processing of shipments of privately owned vehicles, household goods, and various types of goods destined to the NAVSTAROTA Supply Department, Navy Exchange, and Defense Commissary Agency. Most of the household goods destined to personnel assigned to NAVSTAROTA are shipped door-to-door. The household goods carrier is responsible for transportation from the shipper's origination residence, to the port of debarkation, transshipment to the port of embarkation, port and customs clearance, and transportation from the embarkation port to the shipper's destination residence. The 1311th MPC is responsible for overseeing and tracking door-to-door shipments of household goods, but is not required to arrange for any transportation segments or port and customs clearances. Therefore, goods shipped door-to-door are not counted in the 1311th MPC workload statistics. A small portion of NAVSTAROTA outbound household goods are not shipped door-to-door. The nondoor-to-door shipments require a 1311th MPC level of effort to process them for shipment and are therefore, counted as a part of the 1311th's work load.

Revenues. Revenues earned by the 1311th MPC operations were not sufficient to cover operating expenses. The 1311th MPC customers are billed for services at DBOF rates, which are fixed for each type of service rendered. MTMC began using DBOF rates in Spain in January 1993. Before that time, customers

paid for services on a cost reimbursable basis. The DBOF rates are set to enable operations under the fund to break even. However, if losses are incurred, rates increase, while profits result in rate decreases.

MTMC, Europe, which manages the budgeting for the water terminals under its command, has projected a 1311th MPC operating loss in FY 1994. Operating expenses for the 1311th MPC include military and civilian labor computed using the composite rates for personnel assigned, contractor services, supplies and equipment, travel, and other costs associated with the operation. The 1311th MPC adjusted FY 1994 budget execution report shows it has been authorized \$919,540 for FY 1994 anticipated expenses and has anticipated revenues from billing customers at DBOF rates of \$788,500; resulting in a projected operating loss of \$131,040. The final FY 1993 budget execution report disclosed that operating expenses were \$838,907, revenues \$698,137, resulting in a FY 1993 operating loss of \$140,770. Elimination of activities that are consistently showing operating losses could assist in enabling the overall DBOF operation to break even and also result in future reductions in rates charged to DBOF customers.

Draft Transition Plan

Recognizing that it was more economical for the Navy to perform water terminal services, in May 1994, NAVEUR and NAVSTAROTA drafted a transition plan to transfer operational control to NAVSTAROTA. Execution of the transition plan would be accomplished primarily through use of existing Supply Department personnel. Some Supply Department personnel would be shifted to take on new responsibilities gained through absorbing the water terminal operation. This would be accomplished by phasing in their own operation and personnel over a 2-month period leading up to an effective transfer date of operational control on October 1, 1994. The draft plan shows that it will require about 12 full-time personnel to provide water terminal services. According to a Supply Department official, both the current and new mission could be effectively performed without creating additional personnel authorizations through more efficient management of workload fluctuations. In addition, the draft transition plan indicates that NAVSTAROTA will retain the present MTMC contract for stevedoring services, operate the water terminal in accordance with Defense Transportation System regulations, bill customers at cost rather than employing DBOF principles, and make every effort to reassign the Spanish local national personnel presently employed by the 1311th MPC to positions available within the Supply Department or other departments at NAVSTAROTA.

Analysis of the Draft Transition Plan

It would be cost-effective for NAVSTAROTA to assume the water terminal mission and functions from MTMC if it is accomplished without increased personnel authorizations. This conclusion is based on cost data and other information we obtained on the MTMC-operated water terminal services, the Navy draft transition plan, and our analysis of such information. The NAVSTAROTA Supply Department has within its own organization, personnel resources who possess the skills and experience necessary to provide water terminal services. For example, the Supply Department presently processes inbound and outbound cargo shipped using U.S. Navy ships and military airlift at NAVSTAROTA, and prior to 1981, it managed the processing for the receipt and shipment of NAVSTAROTA personnel's privately owned vehicles. Further, given the Supply Department's mission and personnel strength, we believe it is reasonable to assume that NAVSTAROTA can absorb the water terminal operation without increasing personnel authorizations through streamlining and other efficiencies.

Cost Analysis. Based on analysis of available cost data, we estimate that DoD could save \$721,000 annually through cost avoidance if NAVSTAROTA were to provide water terminal services without increased personnel authorizations. We computed the savings by starting with MTMC's adjusted FY 1994 budgeted 1311th MPC operating expenses and subtracting the cost of expense components that will likely carryover to the proposed NAVSTAROTA operation. These carryover expenses are for communications; stevedoring, container consolidation, and warehousing contractual services; supplies and equipment; and travel costs. Expense components included in our savings are primarily attributed to the composite salaries of the seven military and nine local national personnel currently assigned to the 1311th MPC and costs associated with base support and other miscellaneous services provided by NAVSTAROTA. A detailed breakdown of the 1311th MPC's adjusted budgeted and authorized FY 1994 operating expenses is in Appendix C. Our cost analysis is summarized in the following table.

Cost Analysis Summary

Total FY 1994 Budgeted Expenses	\$919,540
Less: Communications	(26,000)
Contractual Services	(127,540)
Supplies/Equipment	(12,000)
Travel Costs	(33,000)
Net Cost Avoidance	<u>\$721,000</u>

Transition Approval. The Commander in Chief, EUCOM, approved NAVEUR's proposal for NAVSTAROTA to assume control of water terminal operations. The transition was dependent upon approval of a transition plan by the Commanders in Chief of EUCOM and U. S. Transportation Command. A May 10, 1994, message from the Commander in Chief, EUCOM, to the Commander in Chief, NAVEUR, established that water terminal transition from MTMC to the Navy was contingent on finalizing a plan that provides for a timeline to effectively accomplish this transfer of operational control.

Recommendation and Management Comments

We recommend that the Commander in Chief, U.S. European Command, in coordination with the Commander in Chief, U.S. Transportation Command, execute a timely transfer of the mission and functions of the Military Traffic Management Command's 1311th Medium Port Command to Naval Station, Rota, Spain.

Management Comments. The Chief of Staff, U.S. European Command, in coordination with the U.S. Transportation Command, concurred with the recommendation and the potential monetary benefits. Further, on October 1, 1994, the mission and functions of the Military Traffic Management Command, 1311th Medium Port Command, were transferred to Naval Station, Rota, Spain.

Part III - Additional Information

Appendix A. Personnel Authorizations: Military Traffic Management Command, 1311th Medium Port Command

Position Title

Military and Civilian

MTMC, 1311th MPC Headquarters, Rota, Spain

Commander	U.S. Army, Lieutenant Colonel
Operations Officer	U.S. Army, Captain
Operations Noncommissioned Officer	U.S. Army, Sergeant First Class
Vehicle Processing Center Noncommissioned Officer	U.S. Army, Staff Sergeant
Movements Specialist	U.S. Army, Sergeant
Personnel Staff Noncommissioned Officer	U.S. Army, Sergeant
Traffic Management Specialist	Civilian, local national
Funds Management Assistant	Civilian, local national
Shipment Assistant	Civilian, local national
Shipment Clerk	Civilian, local national
Shipment Clerk	Civilian, local national
Customs Assistant	Civilian, local national
Contract Monitor	Civilian, local national
Staff Car Operator	Civilian, local national

MTMC, 1311th MPC, Lisbon Outport

Chief, Outport	U.S. Army, Sergeant First Class
Shipment Assistant	Civilian, local national

Summary of Personnel Authorizations

	<u>Rota</u>	<u>Lisbon</u>	<u>Total</u>
Military	6	1	7
Civilian, local national	<u>8</u>	<u>1</u>	<u>9</u>
Total	<u>14</u>	<u>2</u>	<u>16</u>

Appendix B. Work load Statistics: Military Traffic Management Command, 1311th Medium Port Command

Summary of FY 1991 Through FY 1994 Work load Statistics¹

<u>Fiscal Year</u>	<u>Measurement Tons²</u>	<u>Decrease³ (Percent)</u>
1991	163,496	-
1992	130,258	20
1993	78,075	52
1994	61,000 ⁴	63

¹Work load statistics consist of privately owned vehicles, nondoor-to-door household goods, commissary and Navy Exchange goods, and military supplies and equipment.

²One measurement ton equals 40 cubic feet.

³Percentage decrease from FY 1991.

⁴Projection made by 1311th MPC.

Appendix C. FY 1994 Adjusted Budgeted and Authorized Expenses: Military Traffic Management Command, 1311th Medium Port Command

<u>Expense Component</u>	<u>Budgeted and Authorized*</u>
Base support and miscellaneous	\$ 96,000
Civilian labor	220,000
Communications	26,000
Contract services	127,540
Military labor	405,000
Supplies and equipment	12,000
Travel	<u>33,000</u>
Total	<u>\$919,540</u>

*As of March 31, 1994

Appendix D. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and/or Type of Benefit
Recommendation	Economy and Efficiency. Greater efficiencies achieved through the transfer of mission and functions from one organization to another resulting in an operational cost savings.	Funds Put to Better Use. DBOF expenses, which are reimbursed by various other funds, would be reduced by about \$0.72 million annually and \$4.3 million over a 6-year Future Years Defense Program.

Appendix E. Organizations Visited or Contacted

Office of the Secretary of Defense

Office of the Assistant Deputy Under Secretary of Defense for Transportation Policy,
Washington, DC

Department of the Army

Office of the Deputy Chief of Staff (Logistics), Washington, DC
Headquarters, Military Traffic Management Command, Falls Church, VA
Military Traffic Management Command, Eastern Area, Bayonne, NJ
Military Traffic Management Command, Europe, Rotterdam, Netherlands
Military Traffic Management Command, 1311th Medium Port Command, Rota, Spain

Department of the Navy

Headquarters, Naval Supply Systems Command, Washington, DC
Naval Material Transportation Office, Norfolk, VA
Office of the Commander in Chief, U.S. Naval Forces Europe, London, United Kingdom
Naval Station, Rota, Spain

Department of the Air Force

Headquarters, U.S. Air Force, Directorate of Transportation, Washington, DC
Headquarters, U.S. Air Force, Directorate of Programs and Evaluation, Washington, DC
Air Force Manpower and Air Staff, Washington, DC
Headquarters, U.S. Air Forces Europe, Ramstein Air Base, Germany

Defense Organizations

Office of the Joint Staff, Washington, DC
U.S. European Command, Stuttgart, Germany
U.S. Transportation Command, St. Louis, MO

Appendix F. Report Distribution

Office of the Secretary of Defense

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Deputy Under Secretary of Defense for Logistics
Assistant to the Secretary of Defense (Public Affairs)

Department of the Army

Auditor General, Department of the Army
Commander, Military Traffic Management Command
Commander, Military Traffic Management Command, Eastern Area
Commander, Military Traffic Management Command, Europe

Department of the Navy

Commander in Chief, U.S. Naval Forces Europe
Auditor General, Department of the Navy
Commander, Naval Supply Systems Command
Commanding Officer, Navy Material Transportation Office
Commanding Officer, Naval Station, Rota, Spain

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force

Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
Inspector General, Central Imagery Office
Inspector General, Defense Intelligence Agency
Inspector General, National Security Agency
Director, Defense Logistics Studies Information Exchange

Appendix F. Report Distribution

Other Defense Organizations

Commander in Chief, U.S. European Command
Commander in Chief, U.S. Transportation Command
Director, Joint Staff

Non-Defense Federal Organizations

Office of Management and Budget
U.S. General Accounting Office
National Security and International Affairs Division, Technical Information Center
National Security and International Affairs Division, Defense and National Aeronautics and
Space Administration Management Issues
National Security and International Affairs Division, Military Operations and
Capabilities Issues

Chairman and Ranking Minority Member of Each of the Following Congressional Committees
and Subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Operations
House Subcommittee on Legislation and National Security, Committee on
Government Operations

Part IV - Management Comments

U.S. European Command Comments



HEADQUARTERS
UNITED STATES EUROPEAN COMMAND
UNIT 30400
APO AE 09128



21 NOV 1994

ECCS

MEMORANDUM FOR Department of Defense Inspector General (DoDIG)

SUBJECT: Draft Audit Report on the Military Traffic Management Command, 1311th Medium Port Command, Rota, Spain (Project No. 3LC-8012), Dated September 14, 1994


1. This responds to DoDIG Draft Audit Report on Military Traffic Management Command (MTMC), Rota, Spain. Headquarters United States European Command (USEUCOM) concurs with recommendation and projected dollar savings. Details follow:

a. Finding. "DoD incurred unnecessary costs to perform water terminal operations in and around European Iberian Peninsula. Both MTMC's 1311th Medium Port Command and Naval Station, Rota, have the resources and capability to perform water terminal services. Transferring the mission and functions of the 1311th Medium Port Command to the Navy would result in personnel and other cost avoidances. DoD could avoid costs of approximately \$721,000 annually and \$4.3 million over the 6-year Future Years Defense Program."

b. Recommendation. "We recommended that the Commander in Chief, U. S. European Command, in coordination with the Commander in Chief, U. S. Transportation Command, execute a timely transfer of the mission and functions of the MTMC's 1311th Medium Port Command to Naval Station, Rota, Spain." Concur.

c. Corrective Action. USTRANSCOM and USEUCOM concur with the DoDIG recommendation and estimated savings if multi-year projections of cargo flow and volume remain constant. The peacetime common-user seaport mission and functions were transferred from MTMC's 1311th Medium Port Command to Naval Station, Rota, Spain on 1 October 1994.

2. Point of contact this office is Lt Col Evans, DSN 430-5011, fax 430-5090.


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